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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE DIRECTORS OF FIBOCOM WIRELESS INC.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information of Fibocom Wireless Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IA-3 to IA-32, which comprises the interim condensed consolidated statement of financial position as of 30 June 2025, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (together, the “Interim Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion on the Interim Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2024. The comparative information for the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows, and related explanatory notes, for the period ended 30 June 2024 has not been audited or reviewed.

**Grant Thornton Hong Kong Limited**

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

14 October 2025

Chiu Wing Ning

Practising Certificate No.: P04920

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	4	3,706,977	3,001,855
Cost of goods sold		(3,098,165)	(2,402,004)
Gross profit		608,812	599,851
Other income, net	5	27,821	55,938
Other gains and losses, net	5	18,533	(2,873)
Research and development expenses		(239,241)	(268,070)
Selling and distribution expenses		(82,070)	(84,842)
Administrative expenses		(89,818)	(67,276)
Provision of expected credit losses ("ECL")			
allowance of trade and other receivables	21	(5,809)	(6,375)
Operating profit		238,228	226,353
Finance income	6	10,384	5,607
Finance costs	6	(16,341)	(15,706)
Finance costs, net		(5,957)	(10,099)
Share of result of associate	18	(2,882)	(1,310)
Profit before income taxes	7	229,389	214,944
Income tax expense	8	(10,907)	(6,463)
Profit for the period from continuing			
operations		218,482	208,481
Discontinued operation			
Profit for the period from discontinued operation	9	—	128,965
Profit for the period		218,482	337,446

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in fair value of financial assets at FVTOCI, net of tax		17,387	59,980
Remeasurement of post-employment benefit obligations		—	28
<i>Items that will be reclassified subsequently to profit or loss</i>			
Currency translation difference		(18,430)	2,574
Total comprehensive income for the period		217,439	400,028
Profit for the period attributable to:			
Owners of the Company			
Continuing operations		217,902	204,528
Discontinued operation		—	128,965
		217,902	333,493
Non-controlling interests			
Continuing operations		580	3,953
		218,482	337,446
Total comprehensive income attributable to:			
Owners of the Company			
Continuing operations		216,859	272,095
Discontinued operation		—	123,980
		216,859	396,075
Non-controlling interests			
Continuing operations		580	3,953
		217,439	400,028
Earnings per share (“EPS”) for profit attributable to owners of the Company			
Basic (in RMB per share)			
— Continuing operations	12(a)	0.29	0.27
— Discontinued operation	12(a)	—	0.17
		0.29	0.44
Diluted (in RMB per share)			
— Continuing operations	12(b)	0.29	0.27
— Discontinued operation	12(b)	—	0.17
		0.29	0.44

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2025 <i>RMB '000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB '000</i>
Non-current assets			
Property, plant and equipment	13	189,687	171,822
Right-of-use assets	14	222,319	135,418
Deferred tax assets		151,825	156,563
Goodwill	16	12,902	12,902
Intangible assets	17	259,861	247,976
Financial assets at fair value through other comprehensive income ("FVTOCI")	15	352,761	329,578
Deposit	21	8,588	5,126
Interests in associates	18	61,734	57,274
		<u>1,259,677</u>	<u>1,116,659</u>
Current assets			
Inventories	20	1,201,100	979,719
Trade and other receivables	21	3,222,970	3,415,407
Tax recoverable		23,312	17,021
Financial assets at FVTOCI	15	319,498	363,685
Financial assets at fair value through profit or loss ("FVTPL")	19	501,407	608,465
Pledged deposits	22	41,065	67,980
Cash and cash equivalents	22	1,072,668	980,120
		<u>6,382,020</u>	<u>6,432,397</u>
Current liabilities			
Trade and other payables	23	2,527,393	2,407,388
Contract liabilities	24	36,911	27,943
Bank borrowings	25	1,224,631	1,079,682
Lease liabilities	27	71,219	10,984
Income tax payable		1,655	120,685
		<u>3,861,809</u>	<u>3,646,682</u>
Net current assets		<u>2,520,211</u>	<u>2,785,715</u>
Total assets less current liabilities		<u>3,779,888</u>	<u>3,902,374</u>

		As at 30 June 2025	As at 31 December 2024
	Notes	RMB'000 (Unaudited)	RMB'000
Non-current liabilities			
Bank borrowings	25	50,000	189,970
Lease liabilities	27	56,085	10,683
Deferred income	26	9,788	11,338
Deferred tax liabilities		83,175	77,422
		<u>199,048</u>	<u>289,413</u>
Net assets		<u>3,580,840</u>	<u>3,612,961</u>
EQUITY			
Share capital	28	765,453	765,565
Share premium		634,163	631,909
Reserves		362,500	348,256
Retained profits		<u>1,809,518</u>	<u>1,858,605</u>
Equity attributable to owners of the Company		3,571,634	3,604,335
Non-controlling interests		<u>9,206</u>	<u>8,626</u>
Total equity		<u>3,580,840</u>	<u>3,612,961</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Treasury share	Other reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)									
Balance as at 1 January 2025	765,565	631,909	26,171	(44,843)	366,928	1,858,605	3,604,335	8,626	3,612,961
Transactions with owners:									
Share option exercised . .	481	7,345	-	-	-	-	7,826	-	7,826
Repurchase and cancellation of shares .	(593)	(5,091)	-	5,684	-	-	-	-	-
Share based payment . . .	-	-	2,111	-	-	-	2,111	-	2,111
Others	-	-	7,492	-	-	-	7,492	-	7,492
Dividend	-	-	-	-	-	(266,989)	(266,989)	-	(266,989)
Profit for the period . . .	-	-	-	-	-	217,902	217,902	580	218,482
Other comprehensive income	-	-	-	-	(1,043)	-	(1,043)	-	(1,043)
Total comprehensive income	(112)	2,254	9,603	5,684	(1,043)	(49,087)	(32,701)	580	(32,121)
Balance as at 30 June 2025	<u>765,453</u>	<u>634,163</u>	<u>35,774</u>	<u>(39,159)</u>	<u>365,885</u>	<u>1,809,518</u>	<u>3,571,634</u>	<u>9,206</u>	<u>3,580,840</u>

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Treasury share	Other reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)									
Balance as at 1 January 2024	765,806	633,918	23,352	(63,976)	265,360	1,508,621	3,133,081	(4,472)	3,128,609
Transactions with owners:									
Repurchase and cancellation of shares .	(62)	(518)	-	580	-	-	-	-	-
Share based payment . . .	-	-	6,915	-	-	-	6,915	-	6,915
Restricted shares exercised...	-	-	-	6,856	-	-	6,856	-	6,856
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	4,035	4,035
Others	-	-	695	-	-	-	695	-	695
Dividend	-	-	-	-	-	(289,984)	(289,984)	-	(289,984)
Profit for the period . . .	-	-	-	-	-	333,493	333,493	3,953	337,446
Other comprehensive income	-	-	-	-	62,582	-	62,582	-	62,582
Total comprehensive income	(62)	(518)	7,610	7,436	62,582	43,509	120,557	7,988	128,545
Balance as at 30 June 2024	<u>765,744</u>	<u>633,400</u>	<u>30,962</u>	<u>(56,540)</u>	<u>327,942</u>	<u>1,552,130</u>	<u>3,253,638</u>	<u>3,516</u>	<u>3,257,154</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities		
Profit before income taxes:		
Continuing operations	229,389	214,944
Discontinued operation.....	—	132,006
Adjustments for:		
Depreciation of property, plant and equipment ..	15,613	32,124
Depreciation of right-of-use assets	30,656	11,865
Amortization of intangible assets	17,526	31,566
Share of result of associate	2,882	1,311
Net fair value gain on FVTPL	(9,794)	(4,797)
Financial costs	16,341	19,644
Financial income	(10,384)	(12,286)
Impairment loss of inventories	9,559	5,692
Provision of ECL allowance of trade and bills receivables	5,810	6,106
Loss on early termination of lease	15	—
Loss on disposal of property, plant and equipment, net	360	218
Share based payments	1,847	7,306
Operating profit before working capital changes ..	309,820	445,699
Increase in inventories.....	(230,940)	(90,660)
Decrease/(Increase) in trade and other receivables.	120,966	(87,683)
(Decrease)/Increase in trade and other payables and provisions	(50,886)	52,819
Increase in pledged deposit	33,805	18,890
Cash generated from operating activities	182,765	339,065
Interest received	14,821	12,542
Interest paid	(18,525)	(18,797)
Income tax paid	(127,565)	(18,349)
Net cash generated from operating activities	51,496	314,461

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from investing activities			
Purchase of financial assets at FVTPL		(1,009,632)	(454,074)
Proceeds from financial assets at FVTPL		1,044,694	381,370
Proceeds from contingent consideration receivable		71,579	—
Proceeds from property, plant and equipment		6	14
Purchase for property, plant and equipment		(99,385)	(114,374)
Purchase of financial assets at FVTOCI.....		—	(18,000)
Cash outflow from acquisition of subsidiaries		—	(2,701)
Net cash generated from/(used in) investing activities		7,262	(207,765)
Cash flows from financing activities			
Proceeds from bank borrowings.....		633,105	561,942
Repayment of bank borrowings		(581,359)	(255,052)
Payment of lease liabilities		(9,521)	(9,960)
Dividend		—	(289,985)
Proceeds from exercise of share options		7,826	—
Capital contribution from non-controlling interests		—	2,140
Listing expenses paid		(12,674)	—
Repurchase of shares		(5,684)	(579)
Net cash generated from financing activities		31,693	8,506
Net increase in cash and cash equivalents		90,451	115,202
Cash and cash equivalents, beginning of period...		980,120	978,263
Effect of exchange rate changes on cash and cash equivalents.....		2,097	6,046
Cash and cash equivalents, end of period	22	1,072,668	1,099,511

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Fibocom Wireless Inc. (the “Company”) was incorporated on 11 November 1999 as a limited liability company in Shenzhen with its headquarters located in Shenzhen, Guangdong. The Company’s A shares were listed on Shenzhen Stock Exchange on 13 April 2017.

The Company and its subsidiary (the “Group”) are principally engaged in the design, research and development, and sales services of communication solutions for the wireless communication module and its application industry. The subsidiary of the Company, Rolling Wireless S.à r.l. was disposed of during year ended 31 December 2024, details of which are set out in note 9.

In the opinion of the directors, the ultimate control of the Company is held by Mr. Zhang TianYu.

In this Interim Financial Information, certain English names of the companies referred herein represent management’s effort to translate the Chinese name of the companies as no English name has been registered.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of presentation and preparation

This interim condensed consolidated financial information, comprising interim condensed consolidated statement of financial position as at 30 June 2025, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2025 (collectively referred to as the “Interim Financial Information”), has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as issued by the International Accounting Standard Board (“IASB”).

The Interim Financial Information has been prepared in accordance with the same accounting policies and critical accounting estimates and judgments adopted in the historical financial information for the years ended 31 December 2022, 2023 and 2024 and the four months ended 30 April 2025 (the “Historical Financial Information”) as disclosed in Appendix I to the prospectus issued by the Company.

This Interim Financial Information contains consolidated financial statements and selected explanatory notes. The selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest annual consolidated financial statements as at and for the year ended 31 December 2024. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards (“IFRS”). Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Historical Financial Information and notes thereto.

3. ADOPTION OF NEW AND AMENDED IFRSs

Amended IFRSs that are effective for annual periods beginning on 1 January 2025

The adoption of amended IFRSs as described below.

Amendments to IAS 21 Lack of exchangeability

The adoption of these amended IFRSs had no material impact on the Interim Financial Information.

Issued but not yet effective IFRSs

At the date of authorisation of these Interim Financial Information, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first annual period beginning on or after the effective date of the pronouncement. All the new and amended IFRSs are not expected to have a material impact on the Interim Financial Information.

4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

The Group's principal activities are disclosed in Note 1 to the Interim Financial Information.

The Group derives revenue from the transfer of goods and services at a point in time or services over time were analysed as follows:

	Six months ended 30 June	
	2025	2024
	RMB '000	RMB '000
	(Unaudited)	(Unaudited)
Continuing operations		
Types of goods or service		
Module products	3,446,371	2,883,099
Solutions	214,840	82,557
Others	45,766	36,199
	<u>3,706,977</u>	<u>3,001,855</u>
Timing of revenue recognition		
At point in time	3,693,676	2,991,667
Over time	13,301	10,188
Total	<u>3,706,977</u>	<u>3,001,855</u>

4.2 Segment information

During the six months ended 30 June 2025 and 2024, the executive directors of the Company, being the CODM reviews the overall results of the Group as a whole to make decisions about resources allocation and performance review. Accordingly, other than the entity-wide disclosure, no segment analysis is presented.

The Group disposed Rolling Wireless S.à r.l. and its subsidiaries during the year ended 31 December 2024.

Geographical information

The Company is domiciled in Mainland China. The following table sets out the geographical information of the Group's revenue for the six months ended 30 June 2025 and 2024, which was determined based on geographical region of the customers.

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Continuing operations		
Geographical markets		
Mainland China	1,370,850	1,311,034
Taiwan	1,393,449	802,252
United States	406,200	366,267
Singapore	167,801	227,376
Hong Kong	110,631	151,827
Others	258,046	143,099
Total	3,706,977	3,001,855

The following table sets out information about the Group's property, plant and equipment, right-of-use assets, goodwill and intangible assets ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets or the location of operations. For property, plant and equipment and right-of-use assets, the physical location of the assets is relevant, for goodwill and intangible assets, the location of operations is relevant.

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	
Geographical locations		
Mainland China	641,936	521,342
Others	42,833	46,776
Total	684,769	568,118

Information about major customers

The following table sets out the revenue from the Group's customers which individually contributed over 10% of the Group's revenue during the the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Continuing operations		
Customer A	869,017	509,043
Customer B	426,885	469,691
Customer C	400,681	365,388
Customer D	422,956	228,756

5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Continuing operations		
Other income		
Government subsidies	26,971	33,316
Sundry income	850	22,622
	<u>27,821</u>	<u>55,938</u>
Other gains/(losses), net		
Loss on disposal of property, plant and equipment, net	(360)	(11)
Loss on early termination of lease	(15)	—
Net fair value gains on financial assets at FVTPL – realised	2,844	3,832
Net fair value gains on financial assets at FVTPL – unrealised	6,949	965
Exchange gain/(loss)	9,638	(10,130)
Others	(523)	2,471
	<u>18,533</u>	<u>(2,873)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Continuing operations		
Finance income		
Interest income	<u>10,384</u>	<u>5,607</u>
Finance costs		
Interest expense	<u>(16,341)</u>	<u>(15,706)</u>
Finance costs, net	<u>(5,957)</u>	<u>(10,099)</u>

7. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income taxes from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation:		
Owned assets	15,612	20,996
Right-of-use assets	30,656	10,238
Total depreciation	<u>46,268</u>	<u>31,234</u>
Amortisation of intangible assets	17,526	14,909
Cost of inventories recognised as expenses	<u>2,976,802</u>	<u>2,325,849</u>
Lease charges:		
Short-term leases	<u>1,280</u>	<u>824</u>
ECL allowances on trade and bill receivables	5,837	6,154
ECL allowances on other receivables	(28)	221
Reversal of inventories, net	<u>(15,273)</u>	<u>(336)</u>

8. INCOME TAX (CREDIT)/EXPENSE RELATING TO CONTINUING OPERATIONS

	Six months ended 30 June	
	2025	2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Current tax		
PRC enterprise income tax ("EIT")	2,835	9,649
Hong Kong income tax	1,366	281
Other country's income tax	132	—
	<u>4,333</u>	<u>9,930</u>
Deferred taxation	<u>6,574</u>	<u>(3,467)</u>
Income tax (credit)/expense	<u><u>10,907</u></u>	<u><u>6,463</u></u>

Reconciliation between tax expense and profit before income taxes at applicable tax rates is as follow:

	Six months ended 30 June	
	2025	2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Profit before income tax	<u>229,389</u>	<u>214,944</u>
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	30,250	30,380
Tax effect of:		
– non-deductible expenses	780	888
– non-taxable income	(1,797)	(10)
– deductible temporary differences not recognised	16,581	26,393
– utilisation of tax losses previously not recognised	(755)	(1,693)
– (over)/under provision in respect of prior years	(61)	(5,384)
– share of associates	709	296
– additional deduction on research and development expense	<u>(34,800)</u>	<u>(44,407)</u>
Income tax (credit)/expense	<u><u>10,907</u></u>	<u><u>6,463</u></u>

(a) PRC corporate income tax

The Company were approved as High and New Technology Enterprise on 23 December 2021 and 26 December 2024, and therefore entitled to a preferential tax rate of 15% during the six months ended 30 June 2025 and 2024.

The Group's subsidiaries, Shenzhen Favalon Technology Co., Ltd, Fibocom Wireless Software Inc. were approved as High and New Technology Enterprise and therefore entitled to a preferential tax rate of 15% during the six months ended 30 June 2025 and 2024.

Fibocom Technology Co. Ltd were also approved as High and New Technology Enterprise and entitled to a preferential tax rate of 15% during the six months ended 30 June 2025 and a tax rate of 25% during the six months ended 30 June 2024.

The Group's subsidiaries, Xi An Fibocom Wireless Software Inc was approved as Software Enterprise, and therefore entitled to tax free for two years ended 31 December 2023 and preferential tax rate of 12.5% for the year ended 31 December 2024 and six months ended 30 June 2025.

The Group's subsidiaries, Rolling Wireless Communication Technology (Shenzhen) Ltd was approved as Advanced Technology Service Enterprise and entitled to a preferential tax rate of 15% during the six months ended 30 June 2024.

The Group's subsidiaries, Faiot Co., Ltd was approved as Advanced Technology Service Enterprise and therefore entitled to a preferential tax rate of 15% during the six months ended 30 June 2025 and a tax rate of 25% during the six months ended 30 June 2024.

The Company's other subsidiaries in Mainland China other than those mentioned above are subject to the PRC enterprise income tax at the standard rate of 25%.

In addition, according to relevant laws and regulations promulgated by the State Council of the PRC and The State Taxation Administration of The PRC announced in March 2021 that enterprises engaging in research and development activities are entitled to claim 200% of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

(b) Hong Kong profit tax

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated profits arising from Hong Kong.

(c) Corporate income tax in other jurisdictions

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

9. DISCONTINUED OPERATION

On 2 July 2024, the board of directors of a subsidiary, Fibocom Wireless Inc. passed a resolution for the disposal of 100% equity interest in Rolling Wireless S.à r.l. to EUROPASOLAR S.À R.L. for US\$150,000,000 (equivalent to RMB1,017,190,000) and the disposal is completed on 25 July 2024.

The profit for the period ended 25 July 2024 and six months ended 30 June 2024 from discontinued operation is set out below.

	Period ended 25 July 2024	Six months ended 30 June 2024
	RMB '000	RMB'000 (Unaudited)
Revenue	1,217,663	1,072,836
Cost of goods sold	(901,656)	(793,259)
Gross profit	316,007	279,577
Other income, net	163,015	404
Other gains and losses, net	1,158	(62)
Research and development expenses	(104,209)	(97,225)
Selling and distribution expenses	(30,261)	(23,555)
Administrative expenses	(48,056)	(30,144)
(Provision)/Reversal of expected credit losses ("ECL") allowance of trade and bills receivables	(441)	270
Operating profit	297,213	129,265
Finance income	8,008	6,679
Finance costs	(5,327)	(3,938)
Finance costs, net	2,681	2,741
Profit before income tax	299,894	132,006
Income tax expense	(46,207)	(3,041)
Profit for the period from discontinued operation	253,687	128,965
Profit for the period attributable to:		
Owners of the Company	253,687	128,965

Profit for the period from discontinued operation includes depreciation expenses of RMB17,168,000 and RMB12,755,000 and amortisation expenses of RMB18,804,000 and RMB16,657,000 for the period ended 25 July 2024 and the six months ended 30 June 2024.

Cash flows from discontinued operation are analysed as follows:

	Period ended 25 July 2024	Six months ended 30 June 2024
	RMB '000	RMB '000 (Unaudited)
Net cash inflows from operating activities	467,426	224,018
Net cash inflows/(outflows) from investing activities	69,015	(13,910)
Net cash outflows from financing activities	(64,258)	(63,450)
Net cash inflows	<u>472,183</u>	<u>146,658</u>

According to the contract, the consideration for this disposal includes approximately (a) a cash consideration of RMB686,345,000 and (b) a contingent consideration of RMB347,051,000 less the post-employment staff costs of RMB16,206,000.

The amount of contingent consideration as at 31 December 2024 and 30 June 2025 is RMB353,652,000 and RMB281,555,000 respectively.

Analysis of assets and liabilities over which control was lost:

	25 July 2024
	RMB '000
Property, plant and equipment	64,547
Right-of-use assets	9,479
Intangible assets	138,419
Goodwill	303,133
Deferred tax assets	29,176
Inventories	145,738
Trade and other receivables	604,056
Cash and cash equivalents	602,594
Trade and other payables	(535,768)
Income tax payables	(114,379)
Borrowings	(353,801)
Lease liabilities	(12,318)
Deferred tax liabilities	(8,803)
Net assets of the disposed subsidiaries	872,073
Other reserves	1,852
Foreign currency translation reserve	(19,346)
Gain on the disposal	162,611
Consideration	<u>1,017,190</u>

Net cash inflow on disposal of subsidiaries

	25 July 2024
	RMB '000
Consideration received in cash and cash equivalents	686,345
Cash and cash equivalent disposal of	(602,594)
Cash inflow, net of cash acquired	<u>83,751</u>

10. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30 June	
	2025	2024
	RMB '000	RMB '000
	(Unaudited)	(Unaudited)
Continuing operations		
Wages, salaries and bonuses	270,524	274,368
Social welfare and other costs	22,239	22,919
Contribution to retirement benefit schemes	19,110	16,816
Share based payment	1,847	7,306
	<u>313,720</u>	<u>321,409</u>
Less: Employee benefit expenses included in:		
Cost of Inventories	(25,367)	(21,921)
Research and development expenses.	(19,022)	(21,781)
Total	<u>269,331</u>	<u>277,707</u>

11. DIVIDENDS

(a) Dividends attributable to the period

	Six months ended 30 June	
	2025	2024
	RMB '000	RMB '000
	(Unaudited)	(Unaudited)
Ordinary A shares		
Dividend of RMB3.5 per 10 shares	—	266,989
Closing net carrying amount	—	<u>266,989</u>

The dividends of RMB3.5 per 10 shares in respect of the year ended 31 December 2024 were approved in 2024 Annual General Meeting of the Group. The dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained profits for the year ended 31 December 2024.

12. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

The basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic EPS:

	Six months ended 30 June	
	2025	2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Profit attributable to owners of the Company used in calculating basic EPS		
– Continuing operations	217,902	204,528
– Discontinued operation	–	128,965
	<u>217,902</u>	<u>333,493</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue (thousand shares)	<u>762,039</u>	<u>759,435</u>
Earnings per share for profit attributable to owners of the Company (RMB)		
Basic		
– Continuing operations	0.29	0.27
– Discontinued operation	–	0.17
	<u>0.29</u>	<u>0.44</u>

(b) Diluted EPS

The share schemes granted by the Company and the subsidiaries have potential dilutive effect on the EPS.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options (collectively forming the denominator for computing the diluted EPS).

The following table illustrates the earnings and share information used in the calculation of diluted EPS:

	Six months ended 30 June	
	2025	2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Profit attributable to owners of the Company used in calculating diluted EPS		
– Continuing operations	217,902	204,528
– Discontinued operation	–	128,965
	<u>217,902</u>	<u>333,493</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue (thousand shares)	<u>765,011</u>	<u>762,808</u>
Earnings per share for profit attributable to owners of the Company (RMB)		
Diluted		
– Continuing operations	0.29	0.27
– Discontinued operation	–	0.17
	<u>0.29</u>	<u>0.44</u>

13. PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	
Research equipment	52,220	56,346
Motor vehicles	735	842
Office equipment	12,868	12,404
Machinery and equipment	9,262	9,379
Construction in progress	114,602	92,851
	<u>189,687</u>	<u>171,822</u>

Depreciation of the Group's property, plant and equipment has been recognized as follows:

	As at 30 June 2025	As at 30 June 2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of revenue	1,715	12,293
General and administration expenses	1,296	2,658
Research and development expenses	12,166	16,787
Selling and marketing expenses	436	386
	<u>15,613</u>	<u>32,124</u>

14. RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets is analysed as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	
Land	112,168	114,356
Buildings	25,449	21,062
Machineries	84,702	—
	<u>222,319</u>	<u>135,418</u>

Depreciation of the Group's right-of-use assets has been recognised as follows:

	As at 30 June 2025	As at 30 June 2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Land	2,188	1,901
Buildings	9,645	9,892
Machineries	18,823	72
	<u>30,656</u>	<u>11,865</u>

15. FINANCIAL ASSETS AT FVTOCI

Financial assets at FVTOCI included the following investments:

	As at 30 June 2025	As at 31 December 2024
	RMB '000	RMB '000
	(Unaudited)	
Non-current		
Unlisted equity securities	352,761	329,578
Current		
Bills receivables	319,498	363,685

16. GOODWILL

	As at 30 June 2025	As at 31 December 2024
	RMB '000	RMB '000
	(Unaudited)	
At the beginning of year/period		
Gross carrying amount	27,786	326,103
Accumulated impairment	(14,884)	(14,884)
	12,902	311,219
Net carrying amount at 1 January	12,902	311,219
Business combination	–	4,816
Disposal of subsidiaries (Note 9)	–	(303,133)
Net carrying amount at 31 December	12,902	12,902
At end of year/period		
Gross carrying amount	27,786	27,786
Accumulated impairment	(14,884)	(14,884)
	12,902	12,902

17. INTANGIBLE ASSETS

	As at 30 June 2025	As at 31 December 2024
	RMB '000	RMB '000
	(Unaudited)	
Patent	78,051	70,926
Development platform	124,888	125,262
Software	21,579	23,424
Development cost	35,343	28,364
	259,861	247,976

Amortization of the Group's intangible assets has been recognized as follows:

	As at 30 June 2025	As at 30 June 2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Cost of revenue	157	410
General and administration expenses	1,113	1,280
Research and development expenses.	16,256	21,915
Selling and marketing expenses	—	7,961
	<u>17,526</u>	<u>31,566</u>

18. INTERESTS IN ASSOCIATES

Movement of investments in associates and joint ventures is analyzed as follows:

	As at 30 June 2025	As at 30 June 2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
At the beginning of the period	57,274	60,477
Share of results, net.	(2,882)	(1,310)
Dividend	(150)	—
Deemed acquisition	<u>7,492</u>	<u>695</u>
At the end of the period	<u>61,734</u>	<u>59,862</u>

Investments in associates of the Group mainly included the investments in Shenzhen Bogesi Communication Technology Co., Ltd., Hubei Linksei Technology Co., Ltd. and Shenzhen High-tech Investment FIBOCOM IoT Industry Private Equity Fund Partnership (Limited Partnership). There was no associate of the Group as at 30 June 2025 which, in the opinion of the directors, was material to the Group.

19. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Cash financial products	219,852	254,813
Contingent consideration (Note 9)	<u>281,555</u>	<u>353,652</u>
	<u>501,407</u>	<u>608,465</u>

The fair value of cash financial products is determined with reference to expected return rate of 2.00%-5.10% and 1.59%-4.05% for the year ended 31 December 2024 and six months ended 30 June 2025, respectively, provided by the underlying banks. The investments in cash financial products were denominated in Renminbi. Changes in fair value were recognised in "other gains/(losses), net" in the consolidated statement of comprehensive income.

20. INVENTORIES

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Raw materials	333,706	862
Consigned processing materials.	345,241	555,461
Finished goods	467,867	312,266
Goods in transit	80,317	147,697
Contract cost	2,605	7,343
	<u>1,229,736</u>	<u>1,023,629</u>
Less: Provision for inventories	(28,636)	(43,910)
	<u>1,201,100</u>	<u>979,719</u>

21. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Non-current		
Deposits	<u>8,588</u>	<u>5,126</u>
Current		
Trade receivables	1,893,447	1,993,351
Bills receivables	<u>69,458</u>	<u>119,222</u>
	<u>1,962,905</u>	<u>2,112,573</u>
Less: ECL allowance	(53,045)	(47,277)
Trade and bills receivables, net.	<u>1,909,860</u>	<u>2,065,296</u>
Other receivables, deposits and prepayments		
Value-added tax recoverable.	501,743	348,923
Prepayments	76,872	100,506
Deposit	10,135	9,380
Other receivables	<u>724,740</u>	<u>891,694</u>
	<u>1,313,490</u>	<u>1,350,503</u>
Less: ECL allowance	(380)	(392)
	<u>1,313,110</u>	<u>1,350,111</u>
	<u>3,231,558</u>	<u>3,420,533</u>
Analysed as		
Current	3,222,970	3,415,407
Non-current	<u>8,588</u>	<u>5,126</u>
	<u>3,231,558</u>	<u>3,420,533</u>

Based on date of invoice date, the ageing analysis of the trade and bill receivables, net of ECL allowances, were as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
0-365 days	1,809,074	1,970,701
1-2 years	97,611	91,630
2-3 years	3,175	2,965
	<u>1,909,860</u>	<u>2,065,296</u>

The movement in the ECL allowance of trade receivables and bill receivables during the six months ended 30 June 2025 and the year ended 31 December 2024 were as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Balance at 1 January	47,277	35,464
ECL allowance recognised during the year	5,837	12,219
Disposal of subsidiaries	—	(571)
Exchange differences	(69)	165
Balance at 30 June/31 December	<u>53,045</u>	<u>47,277</u>

The movement in the ECL allowance of other receivables during the six months ended 30 June 2025 and the year ended 31 December 2024 were as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Balance at 1 January	392	481
ECL allowance recognised during the year	(28)	336
ECL allowance reversed during the year	—	(428)
Exchange differences	16	3
Balance at 30 June/31 December	<u>380</u>	<u>392</u>

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Cash at bank and in hand	1,072,668	980,120
Pledged deposits (Note (i))	41,065	67,980
	<u>1,113,733</u>	<u>1,048,100</u>
Less: Pledged deposits	(41,065)	(67,980)
Cash and cash equivalents per the consolidated statement of cash flows	<u>1,072,668</u>	<u>980,120</u>

Note (i): In respect of the legal case between Faiot Co., Ltd and 深圳蓮偶科技有限公司, certain bank deposits of Faiot Co., Ltd were temporarily not available for use by the Group. The amount of cash and cash equivalents inaccessible to the Group as at 31 December 2024 and 30 June 2025 is RMB1,617,000 and RMB8,520,000 respectively.

23. TRADE AND OTHER PAYABLES

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Trade payables	1,664,698	1,718,555
Bills payables	298,389	345,723
Salaries payables	58,993	136,864
Value-added tax payables	40,301	30,395
Other payables	465,012	175,851
	<u>2,527,393</u>	<u>2,407,388</u>

Majority amounts are short term and hence the carrying amounts of the Group's trade payables, bills payables, salaries payables and other payables are considered to be a reasonable approximation of fair value.

During the six months ended 30 June 2025 and the year ended 31 December 2024, the Group endorsed certain bills receivables accepted by banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

The Group is granted by its suppliers a credit period of 0-90 days. Based on the invoice date, the ageing analysis of the trade payables is as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Within 1 year	1,662,840	1,717,220
Over 1 year	1,858	1,335
	<u>1,664,698</u>	<u>1,718,555</u>

24. CONTRACT LIABILITIES

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Contract liabilities	<u>36,911</u>	<u>27,943</u>

25. BANK BORROWINGS

As at 31 December 2024 and as at 30 June 2025, the Group's bank loans were repayable as follows:

	As at 30 June 2025 RMB '000 (Unaudited)	As at 31 December 2024 RMB '000
Carrying amount repayable		
Within one year	1,224,631	1,079,682
In the second to fifth years	50,000	189,970
Total carrying amount	1,274,631	1,269,652
Amount due within one year	(1,224,631)	(1,079,682)
Carrying amount shown under non-current liabilities	50,000	189,970
Analysed as:		
Fixed-rate borrowings	1,274,631	1,269,652

As at 31 December 2024 and as at 30 June 2025, the loans are interest bearing at ranging from 2.30% to 4.65% and 2.02% to 4.73% per annum respectively.

26. DEFERRED INCOME

Deferred income represents the government subsidies received from the People's Republic of China in relation to the acquisition of certain property, plant and equipment. These subsidies were amortized over 1-8 years in accordance with the depreciable life of the assets. Movements in deferred income during the six months ended 30 June 2025 and the year ended 31 December 2024 were as follows:

	As at 30 June 2025 RMB '000 (Unaudited)	As at 31 December 2024 RMB '000
Balance at 1 January	11,338	13,288
Additions	1,703	4,684
Amortizations	(3,253)	(6,634)
Balance at 30 June/31 December	9,788	11,338

27. LEASE LIABILITIES

	As at 30 June 2025 RMB '000 (Unaudited)	As at 31 December 2024 RMB '000
Total minimum lease payments		
Due within one year	73,462	11,652
Due in the second to fifth year	56,604	11,085
	130,066	22,737
Future finance charges on lease liabilities	(2,762)	(1,070)
Present value of leases liabilities	127,304	21,667
Present value of minimum lease payments		
Due within one year	71,219	10,984
Due in the second to fifth year	56,085	10,683
	127,304	21,667
Less: Portion due within one year included under current liabilities	(71,219)	(10,984)
Portion due after one year included under non-current liabilities	56,085	10,683

As at 31 December 2024, the Group has entered into leases agreements for use of premises with terms ranging from 1 to 5 years.

As at 30 June 2025, the Group has entered into leases agreements for use of premises and machineries with terms ranging from 1 to 5 years and 1 to 2 years respectively.

These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

28. SHARE CAPITAL

	Number of shares	RMB '000
Ordinary shares of RMB1		
Authorized, issued and fully paid:		
As at 1 January 2024	765,805,784	765,806
Repurchase of shares	(240,921)	(241)
As at 31 December 2024	765,564,863	765,565
Share option exercised (<i>Note (i)</i>)	481,263	481
Repurchase of shares	(592,584)	(593)
At 30 June 2025	765,453,542	765,453

Note (i): During the period ended 30 June 2025, 481,263 ordinary shares were from share option exercised.

29. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the Interim Financial Information, the Group had the following transactions with its related parties:

29.1 Relationships with related parties

Name of related party	Relationship with the Group
Shenzhen Bogesi Communication Technology Co., Ltd.	An associate of the Group
Hubei Linksci Technology Co., Ltd.	An associate of the Group
Rolling Wireless PTE Ltd.	A related company of the Group

29.2 Related party transactions

	As at 30 June 2025	As at 30 June 2024
	RMB '000 (Unaudited)	RMB '000 (Unaudited)
Purchase		
Associates of the Group	3,934	2,615
Sales of goods		
Associates of the Group	6,036	22,117
A related company of the Group	75,996	—

Compensation of key management personnel

The remuneration of executive and non-executive directors and other members of key management during the six months ended 30 June 2025 and 2024 were as follows:

	As at 30 June 2025	As at 30 June 2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Wages, salaries and bonuses	7,253	9,406
Termination benefits	213	222
Share based payment expenses	547	1,600
Contribution to retirement benefit schemes	185	167
	<u>8,198</u>	<u>11,395</u>

29.3 Balances with related party

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Amount due from related parties:		
Trade		
Associates of the Group	118,134	129,719
A related company of the Group	62,259	8,532
	<u>180,393</u>	<u>138,251</u>

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Amount due to related parties:		
Trade		
Associates of the Group	2,565	2,677

In the opinion of the directors of the Company, the related transactions carried out between the Group and its related parties during the six months ended 30 June 2025 and 2024 were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

30. COMMITMENTS

30.1 Capital commitments

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Contracted but not provided for:		
Property, plant and equipment	109,012	72,632
Capital Commitment	<u>34,386</u>	<u>43,468</u>

30.2 Operating lease commitments

As a lessee

At the end of the reporting period, the lease commitments for non-cancellable short-term leases are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)
Within 1 year.	806	693	496	3,594

The total future cash outflows for operating leases amounted to RMB514,000 and RMB3,853,000 as at 31 December 2024 and 30 June 2025 respectively.

31. SUPPLIER FINANCE ARRANGEMENT ("SFA")

The Group introduces third party supply chain information service platform to provide services to its suppliers holding the Group's electronic debt certificates. The Group's payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the business rules, the Group shall transfer the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Carrying amount of financial liabilities that are part of SFA		
Presented as part of:		
– Trade and other payables	14,968	13,019
Payment have been received by the suppliers from the finance provider		
– Trade and other payables	<u>8,048</u>	<u>8,850</u>

The range of payment due dates for the liabilities presented as trade and other payables that are part of SFA and those comparable trade payables that are not part of SFA had no significant changes. The payment days are generally 30-150 days.

32. PLEDGED ASSETS

	As at 30 June 2025	As at 31 December 2024
	RMB '000 (Unaudited)	RMB '000
Bills receivables	5,355	4,222
FVTOCI – Bills receivables	3,986	–
FVTPL – Cash financial products	–	14,376
Pledged deposits	<u>41,065</u>	<u>67,980</u>
	<u>50,406</u>	<u>86,578</u>

The Company pledges bills receivables to the bank as collateral for issuing bills payables. These bills payables are mainly used to pay suppliers for procurement.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Historical Financial Information.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks during the six months ended 30 June 2025.

33.1 Fair value measurements

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow approach, recent transaction price approach and market approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement were mainly included bills receivables measured at FVTOCI are evaluated by market approach.

Assets subject to Level 3 fair value measurement were mainly included cash financial products measured at FVTPL, contingent consideration measured at FVTPL and equity investments in unlisted entities measured at FVTOCI. These assets were measured mainly using discounted cash flow approach, recent transaction price approach and market approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value. Significant unobservable inputs mainly include expected interest rate per annum, percentage change of probability for scenario, discounts for lack of marketability and market multiple of comparable companies, discount for lack of marketability price-to book ratio and price-to-sales ratio.

The Group did not change any valuation techniques in determining the Level 2 and Level 3 fair values.

The financial assets measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

As at 31 December 2024			
	Level 2	Level 3	Total
	RMB '000	RMB '000	RMB '000
Financial assets			
Financial assets at FVTPL			
– Cash financial products	–	254,813	254,813
– Contingent consideration	–	353,652	353,652
Financial assets at FVTOCI			
– Unlisted equity securities	–	329,578	329,578
– Bills receivables	363,685	–	363,685
	<u>363,685</u>	<u>938,043</u>	<u>1,301,728</u>
As at 30 June 2025			
	Level 2	Level 3	Total
	RMB '000	RMB '000	RMB '000
Financial assets			
Financial assets at FVTPL			
– Cash financial products	–	219,852	219,852
– Contingent consideration	–	281,555	281,555
Financial assets at FVTOCI			
– Unlisted equity securities	–	352,761	352,761
– Bills receivables	319,498	–	319,498
	<u>319,498</u>	<u>854,168</u>	<u>1,173,666</u>

During the six months ended 30 June 2025 and the year ended 31 December 2024, there was no transfer between Level 2 and Level 3.

The following table presents the changes in Level 2 and 3 fair value hierarchy for the six months ended 30 June 2025 and the year ended 31 December 2024:

	Level 2	Level 3			Total
	Bills receivables at FVTOCI	Cash financial products at FVTPL	Contingent consideration at FVTPL	Unlisted equity securities at FVTOCI	
	RMB'000	RMB'000	RMB '000	RMB'000	RMB '000
As at 31 December 2023					
and 1 January 2024	324,464	104,138	–	217,280	645,882
Additions	1,794,226	806,056	347,051	18,000	2,965,333
Disposal	(1,755,005)	(656,369)	–	–	(2,411,374)
Change in fair value	–	–	6,601	94,298	100,899
Exchange differences	–	988	–	–	988
As at 31 December 2024					
and 1 January 2025	363,685	254,813	353,652	329,578	1,301,728
Additions	1,215,370	1,009,632	–	–	2,225,002
Disposal	(1,259,557)	(1,044,693)	(71,579)	–	(2,375,829)
Change in fair value	–	–	(518)	23,183	22,665
Exchange differences	–	100	–	–	100
As at 30 June 2025	<u>319,498</u>	<u>219,852</u>	<u>281,555</u>	<u>352,761</u>	<u>1,173,666</u>

34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as trade and other payables, contract liabilities and borrowings (which includes interest-bearing borrowings and lease liabilities) less cash and cash equivalents, pledged deposits and financial assets at FVTPL. In order to maintain a desirable ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024 and the six months ended 30 June 2025.

The net debt to equity ratio at the reporting date was:

	As at 30 June 2025	As at 31 December 2024
	RMB'000 (Unaudited)	RMB'000
Trade and other payables	2,527,393	2,407,388
Contract liabilities	36,911	27,943
Bank borrowings	1,274,631	1,269,652
Lease liabilities	127,304	21,667
Less: Cash and cash equivalents	(1,072,668)	(980,120)
Pledged deposits	(41,065)	(67,980)
Financial assets at FVTPL	(501,407)	(608,465)
Net debt	2,351,099	2,070,085
Capital: Equity attributable to owners of the Company . . .	3,571,634	3,604,335
Capital and net debt	5,922,733	5,674,420
Net debt to equity ratio	0.66	0.57

35. LEGAL CASE

In 2023, Faiot Co., Ltd, a subsidiary of the Group and 深圳蓮偶科技有限公司, a client of the Group, signed the "Product Development Contract". In September 2024, 深圳蓮偶科技有限公司 filed a lawsuit at the People's Court of Nanshan District, Shenzhen, demanding Faiot Co., Ltd to return the paid amount of RMB6,319,606.70 and pay a penalty of RMB2,200,000.

The People's Court of Nanshan District, Shenzhen, case number (2024) 粵0305民初24956號, froze Faiot Co., Ltd's account at Bank of Ningbo Co., Ltd. Shanghai Jinan Branch with an amount of RMB1,616,639.25 and the court unfreeze the account as at 30 June 2025.

The court also froze Faiot Co., Ltd's account at China Merchants Bank Shenzhen Nanshan Branch with an amount of RMB8,519,606.70 as at 30 June 2025.

In December 2024, Faiot Co., Ltd applied to the People's Court of Nanshan District, Shenzhen, requesting the case to be transferred to the jurisdiction of the People's Court of Minhang District, Shanghai. As of now, the jurisdictional objection ruling is pending from the court.

In April 2025, 廣州芯象科技有限公司 applied for arbitration at Shenzhen Court of International Arbitration related to a sales contract of RMB5,173,266.65 signed between Faiot Co., Ltd and 廣州芯象科技有限公司. 廣州芯象科技有限公司 requests Faiot Co., Ltd to continue the sales contract or refund the paid inventories fee of RMB4,171,134.96 and interest of RMB462,995.98. The arbitration is currently in the negotiation stage between the parties.

After reviewing legal counsel's opinion and the progress of the case, the Group have concluded that the probability of an unfavourable outcome is low. Therefore, no provision for contingent liabilities is required at this stage.

36. EVENTS AFTER THE REPORTING DATE

The Group has evaluated the events after the reporting date through the date of these Interim Financial Information. The Group is not aware of any significant events after the reporting date that would require recognition or disclosure in the Interim Financial Information.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the Companies now comprising the Group in respect of any period subsequent to 30 June 2025 and up to the date of this report.